Altus Group Reports Third Quarter 2017 Financial Results

Sustained Double-Digit Growth at Altus Analytics

TORONTO (November 2, 2017) - Altus Group Limited ("Altus Group" or "the Company") (TSX: AIF), a leading provider of independent advisory services, software and data solutions to the global commercial real estate industry, announced today its financial and operating results for the third quarter ended September 30, 2017.

Third Quarter 2017 Highlights:

- Consolidated revenues increased 5.8% to $117.4 million
- Consolidated adjusted EBITDA increased 10.9% to $23.6 million
- Altus Analytics revenues increased 12.4% to $40.7 million and adjusted EBITDA increased 14.8% to $12.2 million
- Commercial Real Estate ("CRE") Consulting revenues were up moderately to $64.3 million and adjusted EBITDA was up 5.3% to $19.0 million
- Geomatics revenues increased 3.8% to $12.6 million and adjusted EBITDA increased to $1.5 million
- Consolidated profit, in accordance with IFRS, was up significantly to $7.5 million
- Adjusted earnings per share ("adjusted EPS") increased 9.7% to $0.34
- Subsequent to quarter-end, acquisition of CVS (Commercial Valuers & Surveyors) Limited ("CVS"), a U.K. property tax service provider, positions Altus Group as the largest business rates advisor in the U.K. based on volume of appeals filed

"Following a strong first half of the year, we're pleased with the sustained topline and earnings growth in the third quarter driven by solid performance across all of our business segments," commented Robert Courteau, Chief Executive Officer at Altus Group. "Today's acquisition of CVS furthers our growth strategy in the U.K., a strategic real estate market, and positions us as the largest national business rates advisor based on the combined volume of appeal files. The combination of our comprehensive data on joint property information will also better position us to serve our clients while supporting our ongoing initiatives to modernize our offerings with data and technology."

Summary of Operating and Financial Performance by Business Segment:

All amounts are in Canadian dollars and percentages are in comparison to the third quarter of 2016.

CONSOLIDATED	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars, except for per share amounts	**2017**	2016	% Change	**2017**	2016	% Change
Revenues	$ 117,380	$ 110,899	5.8%	$ 355,402	$ 327,557	8.5%
Adjusted EBITDA	$ 23,618	$ 21,298	10.9%	$ 61,853	$ 51,968	19.0%
Adjusted EBITDA Margin	20.1%	19.2%		17.4%	15.9%	
Profit (loss)	$ 7,506	$ (5,071)	248.0%	$ 113,496	$ 5,376	2,011.2%
Earnings (loss) per share:						
Basic	$0.20	$(0.14)	242.9%	$2.99	$0.15	1,893.3%
Adjusted	$0.34	$0.31	9.7%	$0.98	$0.77	27.3%

Altus Analytics	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars	**2017**	2016	% Change	**2017**	2016	% Change
Revenues						
Recurring - Data & Software Subscriptions, Maintenance	$ 27,913	$ 27,440	1.7%	$ 87,833	$ 82,813	6.1%
Non-recurring - Licenses and Services	12,806	8,802	45.5%	39,502	26,432	49.4%
Revenues	$ 40,719	$ 36,242	12.4%	$ 127,335	$ 109,245	16.6%
Adjusted EBITDA	$ 12,151	$ 10,585	14.8%	$ 41,247	$ 29,169	41.4%
Adjusted EBITDA Margin	29.8%	29.2%		32.4%	26.7%	

CRE Consulting	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars	**2017**	2016	% Change	**2017**	2016	% Change
Revenues						
Property Tax	$ 39,385	$ 38,651	1.9%	$ 116,724	$ 114,644	1.8%
Valuation and Cost Advisory	24,867	24,110	3.1%	75,078	70,859	6.0%
Revenues	$ 64,252	$ 62,761	2.4%	$ 191,802	$ 185,503	3.4%
Adjusted EBITDA						
Property Tax	$ 15,355	$ 14,030	9.4%	$ 35,282	$ 35,815	(1.5%)
Valuation and Cost Advisory	3,664	4,024	(8.9%)	9,245	9,866	(6.3%)
Adjusted EBITDA	$ 19,019	$ 18,054	5.3%	$ 44,527	$ 45,681	(2.5%)
Adjusted EBITDA Margin	29.6%	28.8%		23.2%	24.6%	

Geomatics	Three months ended Sept. 30,			Nine months ended Sept. 30,		
In thousands of dollars	**2017**	2016	% Change	**2017**	2016	% Change
Revenues	$ 12,580	$ 12,118	3.8%	$ 36,947	$ 33,533	10.2%
Adjusted EBITDA	$ 1,489	$ 639	133.0%	$ 3,461	$ (1,053)	428.7%
Adjusted EBITDA Margin	11.8%	5.3%		9.4%	(3.1%)	

On a consolidated basis, third quarter revenues grew 5.8% year-over-year to $117.4 million while adjusted EBITDA increased by 10.9% to $23.6 million. Exchange rate movements against the Canadian dollar, namely the U.S. and U.K. currencies, impacted consolidated revenues by (1.9%) and adjusted EBITDA by (2.9%). Acquisitions contributed 1.2% to revenue growth and 2.7% to adjusted EBITDA.

Consolidated Profit, in accordance with IFRS, was up 248.0% to $7.5 million from a loss of $5.1 million in the same period in 2016, benefitting primarily from the adjusted EBITDA growth and a decrease in finance costs due to a favourable change in the fair value of interest rate swaps compared to the same period in 2016. Also, the loss in the third quarter of 2016 was impacted by a goodwill impairment charge taken on Geomatics, which did not reoccur in 2017. Profit was $0.20 per share basic and $0.19 per share diluted, compared to $(0.14) per share, basic and diluted, in the same period in 2016.

Adjusted EPS was $0.34 in the third quarter, up 9.7% compared to $0.31 in the third quarter of 2016.

Altus Analytics continued to deliver robust performance with double-digit growth, with revenues increasing 12.4% to $40.7 million. (Revenue growth would have been 15.9% if the impact from foreign exchange movements was excluded.) Recurring revenues grew modestly, impacted by currency headwinds and the anticipated decline of maintenance revenues following the end of support of the DCF product on June 30, 2017. Non-recurring revenues grew by 45.5%, driven primarily by strong ARGUS Enterprise ("AE") license sales which benefitted from customers adding more licenses and additional functionality, new client additions, and continued client conversions (from legacy products to AE). The acquisition of EstateMaster benefitted revenues by 3.0%. Adjusted EBITDA increased by 14.8% to $12.2 million as a result of the revenue growth, partly offset by higher expenses due to increased investments for software product development activities. Changes in the exchange rates against the Canadian dollar impacted revenues and adjusted EBITDA by (3.5%).

CRE Consulting revenues increased moderately to $64.3 million and adjusted EBITDA increased 5.3% to $19.0 million. Property Tax revenues increased 1.9% to $39.4 million while adjusted EBITDA increased 9.4% to $15.4 million. Following a strong second quarter, the performance at Property Tax reflects the typical quarterly variability of that business, which has been more pronounced this year due to the commencement of two new assessment cycles in Ontario and the U.K., as well as the impact of currency headwinds, which impacted revenues by (2.3%) and adjusted EBITDA by (1.8%). Valuation and Cost Advisory revenues increased by 3.1% to $24.9 million, while adjusted EBITDA declined by 8.9% to $3.7 million. Changes in the exchange rates against the Canadian dollar impacted CRE Consulting revenues and adjusted EBITDA by (1.4%).

Geomatics' performance continued to be impacted by ongoing market challenges in the oil and gas sector, although increased activity levels, combined with the cost cutting initiatives undertaken in 2016, yielded improved performance. Revenues improved by 3.8% to $12.6 million, and adjusted EBITDA improved by 133.0% to $1.5 million, resulting in healthier (year-over-year and sequential) adjusted EBITDA margins of 11.8%.

Corporate Costs were $9.0 million, compared to $8.0 million in the same period in 2016. The increase in corporate costs is mainly a result of investments being made in people and systems to modernize corporate functions as well as an increase in variable compensation.

At the end of the third quarter, Altus Group's balance sheet remained strong, giving the Company the financial flexibility to pursue its growth strategy. The Company's bank debt was $141.0 million, representing a funded debt to EBITDA leverage ratio of 1.62 times, compared to 1.53 times as at December 31, 2016. Also, the Company's cash and cash equivalents stood at $56.3 million at the end of the third quarter.

Subsequent to quarter-end, and as announced by news release today, the Company acquired Commercial Valuers & Surveyors Limited ("CVS"), a property tax service provider in the U.K. that specializes in business rates services. The acquisition of CVS positions Altus Group as the largest business rates advisor in the U.K. based on volume of appeals filed, and more than doubles the size of its legacy business in the U.K. CVS's team of approximately 230 professionals will form part of the Company's U.K. Property Tax division, strengthening its business rates expertise, adding greater scale and synergistic opportunities, while positioning the business for growth.

The acquisition was valued at approximately £36.3 million (approximately C$61.8 million). Altus Group paid a total of £30.3 million (approximately C$51.6 million) in cash on closing with an additional £6.0 million (approximately C$10.2 million) payable two years after closing, subject to compliance with certain terms and conditions. On closing, £25.3 million (approximately C$43.1 million) was from cash on hand and £5.0 million (approximately C$8.5 million) was drawn from the revolving term facility.

Based on the estimated Adjusted EBITDA to be derived from the 2017 assessment cycle, the average Adjusted EBITDA multiple for this transaction is estimated at 5.5 times. Although the Company is still in the early stages of the 2017 cycle, given the client engagements secured to date, management anticipates strong financial results for the overall cycle. Given the annuity revenue model of this business, revenue is expected to grow in a compounding manner as appeals are settled over the 5-year term of the cycle. As a result, management expects the acquisition will start to generate significant Adjusted EBITDA contribution beginning in 2019.

Q3 2017 Results Conference Call & Webcast

Date:	Thursday, November 2, 2017
Time:	5:00 p.m. (ET)
Webcast:	altusgroup.com (under the Investor Relations tab)
Live Call:	1- 866-223-7781 (toll-free) or 416-340-2216 (Toronto area)
Replay:	A replay of the call will be available via the webcast at altusgroup.com

About Altus Group Limited

Altus Group Limited is a leading provider of independent advisory services, software and data solutions to the global commercial real estate industry. Our businesses, Altus Analytics and Altus Expert Services, reflect decades of experience, a range of expertise, and technology-enabled capabilities. Our solutions empower clients to analyze, gain insight and recognize value on their real estate investments. Headquartered in Canada, we have approximately 2,300 employees around the world, with operations in North America, Europe and Asia Pacific. Our clients include some of the world's largest real estate industry participants. Altus Group pays a quarterly dividend of $0.15 per share and our shares are traded on the TSX under the symbol AIF.

For more information on Altus Group, please visit: www.altusgroup.com.

Non-IFRS Measures

Altus Group uses certain non-IFRS measures as indicators of financial performance. Readers are cautioned that they are not defined performance measures, and do not have any standardized meaning, under IFRS and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to financial measures as reported by those entities. We believe that these measures are useful supplemental measures that may assist investors in assessing an investment in our shares and provide more insight into our performance.

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization, ("Adjusted EBITDA"), represents operating profit (loss) adjusted for the effects of amortization of intangibles, depreciation of property, plant and equipment, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investment in associates, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related restricted share units ("RSUs") and deferred share units ("DSUs") being hedged and other costs or income of a non-operating and/or non-recurring nature. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues.

Adjusted Earnings (Loss) per Share, ("Adjusted EPS"), represents basic earnings (loss) per share adjusted for the effects of amortization of intangibles acquired as part of business acquisitions, non-cash finance costs (income) related to the revaluation of amounts payable to U.K. unitholders, net of changes in fair value of related equity derivatives, distributions related to amounts payable to U.K. unitholders, acquisition related expenses (income), restructuring costs, share of profit (loss) of associates, unrealized foreign exchange gains (losses), gains (losses) on disposal of property, plant and equipment, gains (losses) on investment in associates, interest accretion on contingent consideration payables, impairment charges, non-cash Executive Compensation Plan costs, gains (losses) on hedging transactions, gains (losses) on equity derivatives net of mark-to-market adjustments on related RSUs and DSUs being hedged and other costs or income of a non-operating and/or non-recurring nature. All of the adjustments are made net of tax.

Forward-Looking Information

Certain information in this press release may constitute "forward-looking information" within the meaning of applicable securities legislation. All information contained in this press release, other than statements of current and historical fact, is forward-looking information. Forward-looking information includes, but is not limited to, the discussion of our business and operating initiatives, focuses and strategies, our expectations of future performance for our various business units and our consolidated financial results, and our expectations with respect to cash flows and liquidity. Generally, forward-looking information can be identified by use of words such as "may", "will", "expect", "believe", "plan", "would", "could" and other similar terminology. All of the forward-looking information in this press release is qualified by this cautionary statement.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results, performance or achievements, industry results or events to be materially different from those expressed or implied by the forward-looking information. The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information include, but are not limited to: the successful execution of our business strategies; consistent and stable economic conditions or conditions in the financial markets; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment; the opportunity to acquire accretive businesses; the successful integration of acquired businesses; and the continued availability of qualified professionals.

Inherent in the forward-looking information are known and unknown risks, uncertainties and other factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any results, performance or achievements expressed or implied by such forward-looking information. Those risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information include, but are not limited to: general state of the economy; currency risk; oil and gas sector; ability to maintain profitability and manage growth; commercial real estate market; competition in the industry; ability to attract and retain professionals; information from multiple sources; reliance on larger enterprise transactions with longer and less predictable sales cycles; success of new product introductions; ability to respond to technological change and develop products on a timely basis; protection of intellectual property or defending against claims of intellectual property rights of others; ability to implement technology strategy and ensure workforce adoption; information technology governance and security, including cyber security; acquisitions; fixed-price and contingency engagements; appraisal and appraisal management mandates; Canadian multi-residential market; weather; legislative and regulatory changes; customer concentration and loss of material clients; interest rate risk; credit risk; income tax matters; revenue and cash flow volatility; health and safety hazards; performance of contractual obligations and client satisfaction; risk of legal proceedings; insurance limits; ability to meet solvency requirements to pay dividends; leverage and restrictive covenants; unpredictability and volatility of common share price; capital investment; and issuance of additional common shares diluting existing shareholders' interests, as well as those described in Altus Group's publicly filed documents, including the MD&A for the year ended December 31, 2016 (which are available on SEDAR at www.sedar.com).

Given these risks, uncertainties and other factors, investors should not place undue reliance on forward-looking information as a prediction of actual results. The forward-looking information reflects management's current expectations and beliefs regarding future events and operating performance and is based on information currently available to management. Although we have attempted to identify important factors that could cause actual results to differ materially from the forward-looking information contained herein, there are other factors that could cause results not to be as anticipated, estimated or intended. The forward-looking information contained herein is current as of the date of this press release and, except as required under applicable law, we do not undertake to update or revise it to reflect new events or *circumstances. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of Altus Group, our financial or operating results, or our securities.*

FOR FURTHER INFORMATION PLEASE CONTACT:

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Interim Condensed Consolidated Statements of Comprehensive Income (Loss)
For the Three and Nine Months Ended September 30, 2017 and 2016
(Unaudited)

(Expressed in Thousands of Canadian Dollars, Except for Shares and Per Share Amounts)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Revenues	**$ 117,380**	$ 110,899	**$ 355,402**	$ 327,557
Expenses				
Employee compensation	**70,159**	66,948	**219,142**	205,730
Occupancy	**5,095**	4,861	**15,163**	15,021
Office and other operating	**20,729**	18,254	**64,834**	59,215
Amortization of intangibles	**6,602**	6,172	**20,367**	19,902
Depreciation of property, plant and equipment	**1,811**	1,750	**5,120**	5,252
Acquisition related expenses (income)	**302**	174	**1,170**	(60)
Share of (profit) loss of associates	**-**	330	**2,420**	1,616
Restructuring costs	**181**	978	**4,739**	4,059
(Gain) loss on investment in associates	**-**	-	**(115,179)**	(9,935)
Impairment charge	**-**	12,500	**-**	12,500
Operating profit (loss)	**12,501**	(1,068)	**137,626**	14,257
Finance costs (income), net	**454**	1,263	**2,352**	4,193
Profit (loss) before income taxes	**12,047**	(2,331)	**135,274**	10,064
Income tax expense (recovery)	**4,541**	2,740	**21,778**	4,688
Profit (loss) for the period attributable to equity holders	**$ 7,506**	$ (5,071)	**$ 113,496**	$ 5,376
Other comprehensive income (loss):				
Items that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences	**(8,543)**	2,042	**(15,010)**	(15,790)
Share of other comprehensive income (loss) of associates	**-**	384	**(46)**	(664)
Change in fair value of available-for-sale investments	**(368)**	-	**(21,640)**	-
Other comprehensive income (loss), net of tax	**(8,911)**	2,426	**(36,696)**	(16,454)
Total comprehensive income (loss) for the period, net of tax, attributable to equity holders	**$ (1,405)**	$ (2,645)	**$ 76,800**	$ (11,078)
Earnings (loss) per share attributable to the equity holders of the Company during the period				
Basic earnings (loss) per share	**$0.20**	$(0.14)	**$2.99**	$0.15
Diluted earnings (loss) per share	**$0.19**	$(0.14)	**$2.95**	$0.14

Interim Condensed Consolidated Balance Sheets
As at September 30, 2017 and December 31, 2016
(Unaudited)

(Expressed in Thousands of Canadian Dollars)

	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ **56,269**	$ 43,673
Trade receivables and other	**134,937**	137,398
Income taxes recoverable	**6,858**	4,530
Derivative financial instruments	**754**	622
	198,818	186,223
Non-current assets		
Trade receivables and other	**4,525**	613
Derivative financial instruments	**4,336**	3,414
Investments	**111,484**	23,190
Deferred income taxes	**23,278**	21,962
Property, plant and equipment	**27,245**	26,647
Intangibles	**97,550**	108,205
Goodwill	**223,608**	220,597
	492,026	404,628
Total Assets	$ **690,844**	$ 590,851
Liabilities		
Current liabilities		
Trade payables and other	$ **83,524**	$ 91,573
Income taxes payable	**8,709**	5,099
Borrowings	**746**	7,000
Amounts payable to unitholders	**-**	851
	92,979	104,523
Non-current liabilities		
Trade payables and other	**18,913**	18,924
Borrowings	**140,727**	116,935
Derivative financial instruments	**-**	501
Deferred income taxes	**22,971**	9,375
	182,611	145,735
Total Liabilities	**275,590**	250,258
Shareholders' Equity		
Share capital	**477,116**	460,003
Equity component of convertible debentures	**-**	231
Contributed surplus	**16,782**	18,476
Accumulated other comprehensive income (loss)	**10,085**	46,781
Deficit	**(88,729)**	(184,898)
Total Shareholders' Equity	**415,254**	340,593
Total Liabilities and Shareholders' Equity	$ **690,844**	$ 590,851

Interim Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2017 and 2016
(Unaudited)
(Expressed in Thousands of Canadian Dollars)

	Nine months ended September 30	
	2017	2016
Cash flows from operating activities		
Profit (loss) before income taxes	$ **135,274**	$ 10,064
Adjustments for:		
Amortization of intangibles	**20,367**	19,902
Depreciation of property, plant and equipment	**5,120**	5,252
Amortization of lease inducements	**(753)**	(81)
Amortization of capitalized software development costs	**264**	395
Tax credits recorded through employee compensation	**-**	(133)
Finance costs (income), net	**2,352**	4,193
Share-based compensation	**5,824**	5,604
Unrealized foreign exchange (gain) loss	**809**	1,510
(Gain) loss on investment in associates	**(115,179)**	(9,935)
(Gain) loss on disposal of property, plant and equipment	**627**	273
(Gain) loss on equity derivatives	**(337)**	(3,400)
Share of (profit) loss of associates	**2,420**	1,616
Impairment charge	**-**	12,500
Net changes in operating working capital	**(6,169)**	11,352
Net cash generated by (used in) operations	**50,619**	59,112
Less: interest paid	**(2,998)**	(2,831)
Less: income taxes paid	**(11,711)**	(5,275)
Add: income taxes received	**1,822**	648
Net cash provided by (used in) operating activities	**37,732**	51,654
Cash flows from financing activities		
Proceeds from exercise of options	**2,841**	908
Redemption of Altus UK LLP Class B and D units	**(883)**	(2,062)
Financing fees paid	**-**	(84)
Proceeds from borrowings	**43,407**	4,000
Repayment of borrowings	**(20,521)**	(13,910)
Dividends paid	**(16,648)**	(13,952)
Treasury shares purchased under the Restricted Share Plan	**(3,588)**	(3,589)
Interest paid to Altus UK LLP Class B and D unitholders	**-**	(32)
Net cash provided by (used in) financing activities	**4,608**	(28,721)
Cash flows from investing activities		
Purchase of investments	**(4,522)**	-
Purchase of intangibles	**(421)**	(1,521)
Purchase of property, plant and equipment	**(7,104)**	(2,348)
Proceeds from disposal of property, plant and equipment	**341**	210
Acquisitions, net of cash acquired	**(15,275)**	(1,715)
Net cash provided by (used in) investing activities	**(26,981)**	(5,374)
Effect of foreign currency translation	**(2,763)**	(1,395)
Net increase (decrease) in cash and cash equivalents	**12,596**	16,164
Cash and cash equivalents		
Beginning of period	**43,673**	19,604
End of period	$ **56,269**	$ 35,768